

Message Text

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PAGE 01 CAIRO 20577 111317Z
ACTION NEA-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 DOTE-00 FMC-01
DLOS-09 /138 W
-----078581 111417Z /11

R 111313Z SEP 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3538

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E.O. 11652: N/A
TAGS: EWWT, EG
SUBJ: PRICE INCREASE ON TANKER TRAFFIC THROUGH SUEZ CANAL

REF: (A) STATE 224914, (B) CAIRO 20248

1. COMMENT FROM AMOCO SOURCE ON INCREASED USE OF SUMED PIPELINE NOTED FIRST SENTENCE, PARA 10, REFTEL B, IS AMBIGUOUS AND MISLEADING AS STATED. THERE HAVE BEEN NO REPEAT NO SUEZ CANAL TOLL INCREASES ON TANKER TRAFFIC. SENTENCE MORE ACCURATELY WOULD READ "RECENT FREIGHT RATE INCREASES ON SUPERTANKERS TOO LARGE TO USE SUEZ CANAL HAVE RESULTED IN MORE OIL COMPANIES REQUESTING USE OF SUMED PIPELINE."

2. ACCORDING AMOCO OFFICIAL, FREIGHT RATES FOR THESE VERY LARGE CARRIER CRUDE TANKERS (VLCCS) FROM ARABIAN GULF PORTS TO EUROPEAN DESTINATIONS VIA CAPE HORN HAVE MORE THAN DOUBLED IN LAST TWO MONTHS DUE TO (A) REPLENISHMENT OF STOCKS BY OIL FIRMS PRIOR TO ANTICIPATED OIL PRICE INCREASE IN EARLY 1979, AND (B) JAPANESE DECISION TO CREATE LARGE FLOATING STOCKPILE. DESPITE CONTINUED LARGE
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WORLD-WIDE SURPLUS OF IDLE TANKERS, OWNERS ARE RELUCTANT TO PUT SHIPS WHICH COULD TRANSIT CANAL INTO USE WITHOUT GUARANTEE OF MULTIPLE LONG-HAUL TRIPS. SEVERAL OIL COMPANIES--INCLUDING AMOCO--ARE NOW TAKING ADVANTAGE OF UNUSED SUMED PIPELINE CAPACITY TO BEAT THESE FREIGHT RATE INCREASES. VLCCS ARE DISCHARGING AT SUEZ TERMINAL AND ARE ABLE TO RETURN QUICKLY FOR REFILLING. WHILE SUMED

REPORTEDLY IS STILL ONLY OPERATING AT 50 PER CENT CAPACITY,
INEFFICIENT HANDLING HAS ALREADY LED TO BACKUP OF TANKERS
WAITING TO DISCHARGE AT SUEZ. MATTHEWS

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: CARGO HANDLING, PRICE DATA, CANALS
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Draft Date: 11 sep 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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